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EXECUTIVE SECRETARIAT
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Remarks To 15: Please have Dave Low contact Dave Wigg re this and, if a response to McFarlane is deemed necessary, have one prepared.

Executive Secretary

20 Aug 85

Date

3637 (10-81)

4936

THE WHITE HOUSE
WASHINGTON

Executive Registry

85- 1993/1

August 12, 1985

Bill

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
Director of Central Intelligence

SUBJECT: Task Force on International Private
Enterprise

I appreciate your thoughts concerning use of the Task Force Report to promote U.S. policies aimed at developing private enterprise abroad. I concur that further public discussions of some of the ideas raised in the Report could prove fruitful. Any such discussions, however, would need to be carefully structured to ensure a proper focus and constructive dialogue.

Thus, I question whether advance "high-level" political endorsement is desirable (or even necessary) to help launch a Georgetown conference. The views of the President and many members of the Administration on this subject are generally well known.

I believe low-key encouragement for a conference, with subsequent selective endorsement of those elements of the proceedings consistent with Administration views, might best serve our purposes.

Dave Wigg of my staff has been in touch with Task Force representatives since they presented their findings to the President. I have asked Dave to work with your staff on this matter.

Bob
Robert C. McFarlane

cc: Patrick Buchanan



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Washington D.C. 20505

NIC 03060/1-85

18 June 1985

NOTE FOR: The Honorable Robert C. McFarlane
Assistant to the President for
National Security Affairs

Bud:

While I don't endorse every aspect of the Task Force report, it raised some important themes which deserve further attention.

I would encourage you and your staff to consider how such a forum might be used productively to find some more imaginative ways to promote economic development through private enterprise abroad. The Soviets can't compete with us in this regard.

Bill
William J. Casey

Attachment:

Ltr from DCI to Patrick J.
Buchanan re the President's
Task Force on International
Private Enterprise

Prepared by NIO/ECON/18 Jun 85

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Orig - Addressee w/Atch

1 - DCI

1 - DDCI

1 - C/NIC

3 - NIO/ECON

① - ER Subj File (ER 85-1993)



Q-359

The Director of Central Intelligence

Washington, D.C. 20505

NIC 03060-85

18 June 1985

The Honorable Patrick J. Buchanan
Assistant to the President and
Director of Communications
The White House

Dear Pat,

I received a copy of Bill Middendorf's letter of May 30 to you proposing White House backing for a conference to be sponsored by Georgetown University on some of the themes raised in the report of the President's Task Force on International Private Enterprise. This idea has my endorsement.

It is my belief that Third World governments are shifting away from comprehensive central planning and toward more pragmatic and market-oriented economic policies. This trend began in the 1970s when the LDCs encountered tough economic times (two oil price hikes, two recessions, high interest rates, and massive debt), and has accelerated in the 1980s, paralleling similar changes taking place in the industrial world and Eastern Europe. At the same time, the prospects for sizeable new amounts of Western foreign assistance have dimmed, with funds flows increasingly going for security assistance, humanitarian purposes and debt repayment.

This changing climate presents significant economic opportunities for the US:

- to increase the promotion of small-scale private sector economic activity with LCDs,
- to enlarge the flow of foreign direct investment,
- to help state enterprises to become more efficient and find ways to relinquish some functions to the private sector, and
- to strengthen trade, finance, and investment links with LCDs based upon a growing mutuality of economic interest.



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These forces should strengthen the West's position relative to that of the Soviet Union in LDCs as well.

In order to implement the President's views on the role of private enterprise, much broader initiatives must be undertaken by the Administration, and this conference would help to define some of the mechanisms for improvement. If there are any ways in which we can be of support, please contact my National Intelligence Officer for Economics, David B. Low

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Sincerely,



William J. Casey

cc: Mr. Robert McFarlane
Ambassador J. William Middendorf, II

Prepared by NIO/ECON/18 Jun 85

Orig - Addressee
1 - NSC (McFarlane) & with /1
1 - Amb Middendorf
1 - DCI
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1 - C/NIC
3 - NIO/ECON
1 - ER Subj File (ER 85-1993)

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Date

Remarks

Executive Secretary

10 Jun 85

Date

3637 (10-81)

Executive Registry

85- 1993



J. William Middendorf II
United States Permanent Representative
to the Organization of American States

May 30, 1985

Mr. Patrick J. Buchanan
Assistant to the President
& Director of Communications
The White House

SUBJECT: Conference on "The President's Task
Force on International Private
Enterprise"

Dear Pat:

Before I get into the main subject of this letter, I would like you take a look at the enclosed pictures of the "La Perla" project in Guatemala. The sign the workers are holding up reads, "The militia of the farm 'La Perla' are with the national army, we want more arms, we are searching for peace, long live Guatemala, death to communism." "La Perla" was converted to 40% employee stock ownership last fall and has been attacked twice by the guerrillas. The first attack resulted in the central building complex being overrun. Two hundred of the workers took up arms and drove off the guerrillas leaving dead on both sides. After this attack, the remaining workers petitioned the majority shareholders for additional arms and ammunition to be financed by a payroll deduction plan. This is clearly an example of why the President is right in advocating expanded capital ownership.

As you know, "The President's Task Force on International Private Enterprise" produced an excellent report on what is stifling private enterprise development in less developed countries as well as list of recommendations for changes in U.S. policies designed to foster international private enterprise. The recommendations (with the major exception of the reorganization of economic decision-making within the White House) largely echo my own views and those of the Reagan Administration. Up to now (and unlike the Grace Commission), this report has received very little



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publicity, and consequently, it has had virtually no impact within the realm of U.S. foreign economic policy formulation.

Through an informal network of interested parties including Frances Johnson and Bruce Mazzei of AID, [redacted] of CIA and some of the members of the ESOP informal working group (Norman Bailey, Norman Kurland, et al.), we have been exploring the idea of giving the task force report wider publicity by means of a conference to be held, and the sooner the better. We have heard that Professor Ted Moran of the Georgetown University's Program in International Business Diplomacy is interested in the idea and that Georgetown could be persuaded to host such a conference. The funding would be provided by the private sector and Mr. John Keeley of the National Education Corporation, who is interested in this idea and has contacts within the private sector which could fund such a conference.

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However, to make this all happen, a high-level symbolic political umbrella/endorsement is necessary; namely, a letter on White House or the Vice President's stationery suggesting that Georgetown sponsor such a conference on the understanding that such a conference would be financed by private sources and (which is why) I am writing to you, Pat, to see whether you could support this idea and if there is White House interest. It would be best if, within the White House, a decision were made to assign the responsibility for such a conference to the Office of the Vice President which would have the effect of:

- 1) Defusing the frequent criticism that the President's policies are good but his lieutenants don't do enough to push them; and,
- 2) Reinforcing the Vice President's credentials for pushing sound economic policies.

The conference agenda should probably cover these subjects: The President's views on U.S. policy on international private enterprise, made known at Cancun

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and Williamsburg; recommendations of the President's Task Force on International Private Enterprise-what U.S. business and government can do to implement these practical, sound recommendations; U.S. experience in helping developing countries switch from government-run economies to private enterprise-oriented economies, thus opening up business opportunity to local nationals and Americans alike; issues raised by the U.S. Catholic Bishops' Pastoral on the U.S. economy and on U.S. overseas economic programs-issues such as the morality of the profit motive and ways private enterprise can help overcome world hunger; what developing countries and the United States have to gain from creating a bigger world economic pie, such as prospects for eliminating hunger in poor countries; cutting the U.S. trade deficit to zero, and boosting America's global market share dramatically as poor countries buy more American goods and services; private property and expanded capital ownership as critical to building democratic, prosperous societies in developing countries; actions required to implement the President's policies for global economic growth, leading to a bigger market share for U.S. business-i.e., what the Executive Branch and Congress must do to open opportunity for U.S. and LDC business; and Third World views and motives for taking greater part in the global marketplace.

I am enclosing some talking points which may be of use to you in your discussions inside the White House and I look forward to your response as to the feasibility of this idea.

Best regards,



J. William, Middendorf, II

Enclosures: as stated

cc: Bill Casey ✓